

**TAB
A**

Decision Analysis Worksheet

Taxol vs. generic paclitaxel

1. Product clinical equivalency
2. Product reliability/supply/ etc.
 - (a) company reputation/history of quality and reliability of products.
 - (b) supply or market dynamics that might affect ability to deliver in a consistent and timely manner.
3. Product total value/utility
 - (a) Acquisition cost -- Reimbursement allowance --- Net margin

Basic assumption requirements

- Total Taxol dollar volume previous 12 month = \$ 1,033,686
- Total carboplatin dollar volume previous 12 months = \$540,776 (involved in Taxol price incentives)
- Original baseline Taxol historical price from OTN = \$4.6752/mg or \$1402.56 for 300 mg vial
- Generic paclitaxel discounted price of \$4.1395/mg vial or \$1241.85 for 300 mg vial
- New OTN Taxol discounted price of \$4.39/mg or \$1317.00 for 300 mg vial plus and additional 4% discount on all carboplatin sales provided Taxol volume remains at least 90% of historical baseline volume. Based on historical carboplatin use this would equate to an additional discount of \$.0978/mg of Taxol purchased. A total adjusted price/mg of Taxol including the carboplatin discount would then be \$4.2922/mg
- Taxol and carboplatin discounts from OTN and generic paclitaxel discount price remain constant next 12 months
- Customer use volume and AWP reimbursement rates remain constant next 12 months as per 12/00 Redbook

Total yearly \$ expenditure predictions next 12 months

	Taxol from OTN (including carbo discount)	generic paclitaxel	yearly \$ difference
<i>Taxol Cost</i>	\$970,628		
<i>Carbo Discount</i>	- 21,631		
	<u>\$948,997</u>	\$915,243	(\$33,754)
<i>Total Reimbursement @95%AWP</i>	\$1,278,684	\$1,278,684	\$19,184
<i>Total yearly \$ net Revenue next 12 months</i>	\$329,687	\$363,441	(\$33,754)

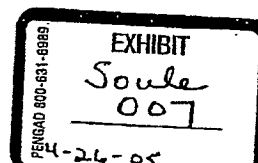
Total year 2001 revenue predicted increase to practice compared to 2000 if Taxol and carboplatin continue to be used at the same volume.

\$84,689

Plaintiffs' Exhibit

224

01-12257-PBS



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Reimbursement revenue reference analysis:

How does the potential revenue improvement \$difference to potentially be derived from switching from Taxol to generic paclitaxel compare to other similar therapeutic switch alternatives?

Reimbursement/net profit analysis for a single patient comparing 3 different drugs from that same class i.e. Taxol vs generic paclitaxel vs Taxotere

Assumptions:

- Metastatic Breast Patient with a BSA 1.8
- Taxol or generic paclitaxel regimen 80mg/m² weekly 3 wk cycle = 144 mg (150 mg)
- Taxotere regimen 35mg/m² weekly 3 wk cycle = 63 mg (80mg)
- Current list and AWP prices and reimbursement at 95% AWP remain constant next 12 months
- The adjusted price of Taxol of \$4.29 2166/mg includes the estimated additional discount provided from carboplatin purchases.

	Taxol	generic paclitaxel	Taxotere
Cost/dose	4.2922/mg(144mg)=\$618.08	4.1395/mg(144mg)=\$596.09	12.224/mg(63mg)=\$770.11
Reimbursement/dose	5.783/mg (144) \$832.75	5.783 /mg(144) \$832.75	14.183/mg(63) \$893.53
Net profit/dose	\$214.67	\$236.66	\$123.42
Net profit/6 cycles	\$3,864.06	\$4,259.88	\$ 2,221.54
Revenue increase from switch from Taxol to generic paclitaxel		+\$395.82	
Revenue increase from switch from Taxotere	+\$1,642.52	\$2,038.26	

(b) Total relative value assessment or utility of each product based on all additional value added features of the product or company providing the product.

- generic paclitaxel
 - will provide an acquisition cost discount from previous Taxol OTN pricing that will be volatile in nature based on market conditions and degree of generic competition. Acquisition cost of generic product may change from day to day and differ from company to company offering generic product
- Taxol from OTN
 - Will provide an acquisition cost discount from previous pricing levels plus additional cash discount incentives from the purchase of other Bristol-Myers Squibb products based on Taxol purchase volume.
 - Bristol-Myers Squibb will also invest heavily with financial and personnel resources as a corporate partner with the medical oncology community in the cost of extending and enhancing the lives of cancer patients as well as maintaining the viability and financial health of the oncology community. This will be done at all levels within the medical oncology infrastructure from top level national policy/legislative levels all the way down to supporting individual patients. Some of this cost must be recovered from Taxol revenue. Some of this cost will be written off as a corporate cost of doing business.

Examples of this investment and additional value provided at all levels of the oncology community are as follows:

- ProCERT: A Taxol claims fighting/drug reimbursement insurance program provided at no additional charge. Full utilization of this free value added feature by the practice will insure that no practice or patient will ever have to assume the financial risk of paying for the cost of Taxol or any other BMSO drug used in conjunction with Taxol as a result of non-payment of a claim by a third party carrier. Patients with private, Medicaid, or Medicare coverage can be assured that they will not be held liable for a financial responsibility for the cost of their Taxol. This means that Taxol drug selection can be made strictly from a best clinical judgement basis without worrying about possible financial risks to the patient or practice.
 - Free Taxol for indigent patients. No patient will be denied Taxol, if this program is utilized by the patient and practitioner, simply because they no financial resources to pay for Taxol
 - Investment of personnel and resources dedicated to political and legislative issues that affect the overall financial health, viability and reimbursement posture of medical oncologists from national and state levels
 - Financial support for National Cooperative Study Groups such as SWOG, CALGB etc.
 - Investment of financial and personnel resources with local physician office based clinical trials. The purpose of this investment is to help support local physicians ---that have the desire and infrastructure necessary to perform quality research ---answer important clinical questions in a non-academic environment
 - Local sales and service representative investment. This service provides physicians and staff with a local and immediate resource for up-to-date information of the best application and use of product. It also provides the practice with an immediate resource for a wide variety of services including but not limited to literature searches, product problem resolution, community medical education needs and general oncology business issue information
 - Patient education support materials for Taxol and related disease specific topics
 - Investment in cancer Patient Advocacy Groups to help keep public education and awareness of cancer at high levels
 - Physician and staff reference materials on disease specific topics, general oncology related topics, reimbursement issues, compendia journals, internet guides, professional journal subscriptions, and specific product information on Taxol
 - Investment in supporting and providing physician and staff with CME, CPE and nursing medical education grants and programs
 - Financial and personnel support for professional associations at every level of the oncology community including ASCO, ACCC, WSMOS, ONS, PSONS etc
 - Financial and personnel support for local physician practice initiatives intended to improve the quality of care in their community
 - Investment in community medical education programs and community initiatives to improve the total quality of medical care for cancer patients in that local community

- Financial and personnel support for miscellaneous requests from physicians and practices that fall within legal and ethical guidelines
- Investment in a medical services department dedicated to answering any written medical question posed by a physician, providing informational booklets for physicians that address pertinent medical issues in oncology as well as manning a 24-hour hot line (1-800 TaxolUS) for assistance on urgent Taxol related issues

What additional monetary value adjustment is needed to account for the aggregate value difference in the products? See section #4

(c) Additional miscellaneous considerations

- Will the generic paclitaxel be considered equivalent or even be allowed to be used in ongoing and future clinical trials at the practice? If not have the physicians, pharmacists, nurses, clinical coordinators etc. been advised on new procedures as approved by Bristol-Myers Squibb clinical trial coordinators?
- Do staff personnel need to be informed of a switch to generic paclitaxel and advised to observe any differences in administration, patient acceptance, hypersensitivity reactions etc.?
- Do patients need to be informed that they will be receiving a generic form of Taxol especially if they are provided Taxol patient education materials?
- Do patients have a right to choose between Taxol and generic paclitaxel?
- Do patients need to be informed that they will not be protected from financial responsibility for payment of denied third party claims with generic paclitaxel but would be covered with Taxol?

4. Cost adjustment for different total values or utility of the different products.

5. Assignment of acceptable real value cost spread to account for differences in value/utility.
What level of monetary difference (threshold level) between the alternative drugs is to be used as a decision point in order to avoid lengthy analysis each time the price changes?
What is an easy unit of measure for the practice to use for decision purposes. Allowable cost spread/mg that will still justify Taxol preference?

6. Decision policy

Decision Analysis Worksheet

Taxol vs. generic paclitaxel

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FARM ZENITH

1. Product clinical equivalency

2. Product reliability/supply/ etc.

(a) company reputation/history of quality and reliability of products.

(b) supply or market dynamics that might affect ability to deliver in a consistent and timely manner.

3. Product total value/utility

(a) Acquisition cost - —reimbursement allowance — net margin assessment TAXOL ~ 740 VIALS 952,868

GEN ~ 740 VIALS 940,680

Basic assumption requirements

- Total Taxol dollar volume previous 12 month = \$1,033,686
- Total carboplatin dollar volume previous 12 months = \$540,776 (involved in Taxol price incentives)
- Original baseline Taxol historical price from OTN = \$4.6752/mg or \$1402.56 for 300 mg vial
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→ New OTN Taxol discounted price of \$4.39/mg or \$1317.00 for 300-mg vial plus and additional 4% discount on all carboplatin sales provided Taxol volume remains at least 90% of historical baseline volume. Based on historical carboplatin use this would equate to an additional discount of \$.0978/mg of Taxol purchased. A total adjusted price/mg of Taxol including the carboplatin discount would then be \$4.2922/mg

- Taxol and carboplatin discounts from OTN and generic paclitaxel discount price remain constant next 12 months

- Customer use volume and AWP reimbursement rates remain constant next 12 months

Total yearly \$ expenditure predictions next 12 months

	Taxol from OTN (including carbo discount)	generic paclitaxel	yearly cost \$ difference
Taxol cost	\$970,628		
Carbo discount	- 21,631		
	<u>\$948,997</u>	\$915,243	\$33,754

TAXOL
1826.25 AWP
1287.66 COST
- 538.59 PROFIT
398,556
GENERIC
1798.86 AWP
- 1241.85 COST
557.01 PROFIT
412,185

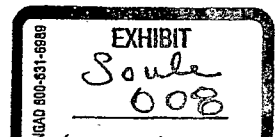
DIFF =
13,628

Total yearly \$ revenue increase prediction next 12 months

	Taxol from OTN (including carbo discount)	generic paclitaxel	yearly \$ revenue increase difference
	\$84,689	\$118,443	\$33,754

1278684 - 1259500
329681 344257

14,570



Reimbursement revenue reference analysis

How does the potential revenue improvement \$difference to potentially be derived from switching from Taxol to generic paclitaxel compare to other similar therapeutic switch alternatives?

Reimbursement/net profit analysis comparing 3 different drugs from that same class i.e. Taxol vs generic paclitaxel vs Taxotere**Assumptions:**

- Metastatic Breast Patient with a BSA 1.8
- Taxol or generic paclitaxel regimen 80mg/m² weekly 3 wk cycle = 144 mg (150 mg)
- Taxotere regimen 35mg/m² weekly 3 wk cycle = 63 mg (80mg)
- Current list and AWP prices and reimbursement at 95% AWP remain constant next 12 months
- The adjusted price of Taxol of \$4.29 2166/mg that includes the estimated additional discount provided from carboplatin purchases is used for the analysis.

	Taxol	generic paclitaxel	Taxotere
Cost/dose	4.2922/mg(150mg)=\$643.83	4.1395/mg(150mg)=\$620.93	10.97 2.19/mg(80mg)=\$791.40
Reimbursement/dose	\$867.50	\$867.50	\$849.00
Net profit/dose	\$223.670	\$ 246.57	\$57.60
Net profit/6 cycles	\$4,026.06	\$4,438.00	\$1036.80
Revenue increase from switch from Taxol to generic paclitaxel		\$411.94	
Revenue increase from switch from Taxotere			
	+\$2,989.26	+\$3,402	

Substitution profit analysis:

- It would take substituting generic paclitaxel for Taxol in 7.3 patients to achieve the same net revenue increase as from substituting Taxol for Taxotere in 1 patient.
- It would take only 11.3 patient switches from Taxotere to Taxol to achieve the same projected \$33,754 revenue gain from a total yearly switch from Taxol to generic paclitaxel.
- This analysis is flawed in the assumption that all products are equal. Taxotere and Taxol both provide much additional value compared to generic paclitaxel. This must also be factored in to the decision analysis.
- This analysis substantially underestimates the difference in revenue between Taxol and Taxotere over the next year because as the price of Taxol continues to fall the margin profit becomes ever wider.

(b) Total relative value assessment or utility of each product based on all additional value added features of the product or company providing the product.

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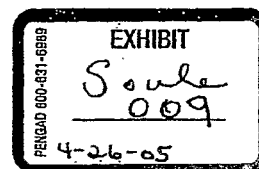
Price/AWP master

Prices

Product	Amt	Unit	Date	Source
Taxol	1317.00	300	12/15/00	OTN
Taxotere	244.88	20mg	12/00/00	Onc Supply
	219.36	20mg	12/15/00	HemOncNW
Generic paclitaxel	1241.85	300mg	12/00/00	Onc Suply

AWP

Product	Amt	Unit	Date	Source
Taxol	1826.25	300mg	12/15/00	Redbook
Taxotere	298.58	20mg	12/15/00	Redbook
Generic paclitaxel	1826.25	300mg	12/15/00	Redbook
J code 9999	1798.90	300mg	12/01/00	OTN/Gena/Redbook



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Reimbursement/revenue reference analysis

How does the potential revenue improvement \$difference to potentially be derived from switching from Taxol to generic paclitaxel compare to other similar therapeutic switch alternatives?

Reimbursement/net profit analysis comparing 3 different drugs from that same class i.e. Taxol vs generic paclitaxel vs Taxotere

Assumptions:

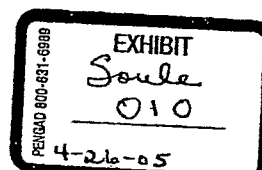
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	Taxol	generic paclitaxel	Taxotere
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Net profit/6 cycles	\$4,026.06	\$4,195.17	\$1036.80
Revenue increase from switch from Taxol to generic paclitaxel		\$169.11	
Revenue increase from switch from Taxotere	+\$2,989.26	+\$3,158.37	

Substitution profit analysis:

- It would take substituting generic paclitaxel for Taxol in 7.5 patients to achieve the same net revenue increase as from substituting Taxol for Taxotere in 1 patient.
- It would take only 2 patient switches from Taxotere to Taxol to achieve the same projected \$ revenue gain from a total yearly switch from Taxol to generic paclitaxel.
- This analysis is flawed in the assumption that all products are equal. Taxotere and Taxol both provide much additional value compared to generic paclitaxel. This must also be factored in to the decision analysis.

This analysis substantially underestimates the difference in revenue between Taxol and Taxotere over the next year because as the price of Taxol continues to fall the margin profit becomes ever wider



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Carboplatin vs cisplatin profit at Tacoma General Hospital

The following reimbursement analysis was performed using the following assumptions:

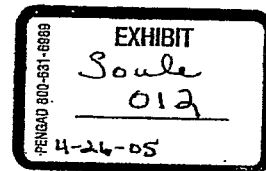
1. The prices paid and AWP are according to the printout obtained from the pharmacy
2. An average BSA of 1.73 and a dose of 85mg/m² of cisplatin for a total dose of 150mg
3. An average creatinine, age and BSA to give a total carboplatin dose of 600mg
4. 6cycles given for lung cancer

Paraplatin

Cost/dose		1087.08
Reimbursement @95% AWP/dose		1333.34
6 cycles	Net	246.26
	Net	1477.56

Cisplatin

Cost/dose		198.60
Reimbursement @95%AWP/dose		683.98
	Net	485.38
6 cycles	Net	2,912.28
Difference/patient/6cycles	Net	1,434.72 more for cisplatin



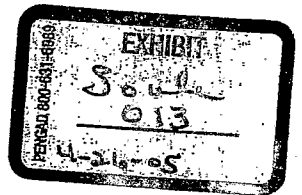
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Platinum-Based Chemotherapy Economics

- Total cost of chemotherapy includes agent, administrative (including concomitant medication) and professional service costs
- Margin depends on difference between acquisition cost and reimbursement, as well as length and nature of administration and supportive services
- Chair time impacts the number of patients that can be treated in a clinic over a fixed period of time
- Platinol (versus Paraplatin) has a long administration time due to hydration requirements
- Regimens with high administration costs as a percentage of total treatment cost are relatively insensitive to changes in agent margin (Platinol administration cost is 19% of total, versus 7% for Paraplatin)

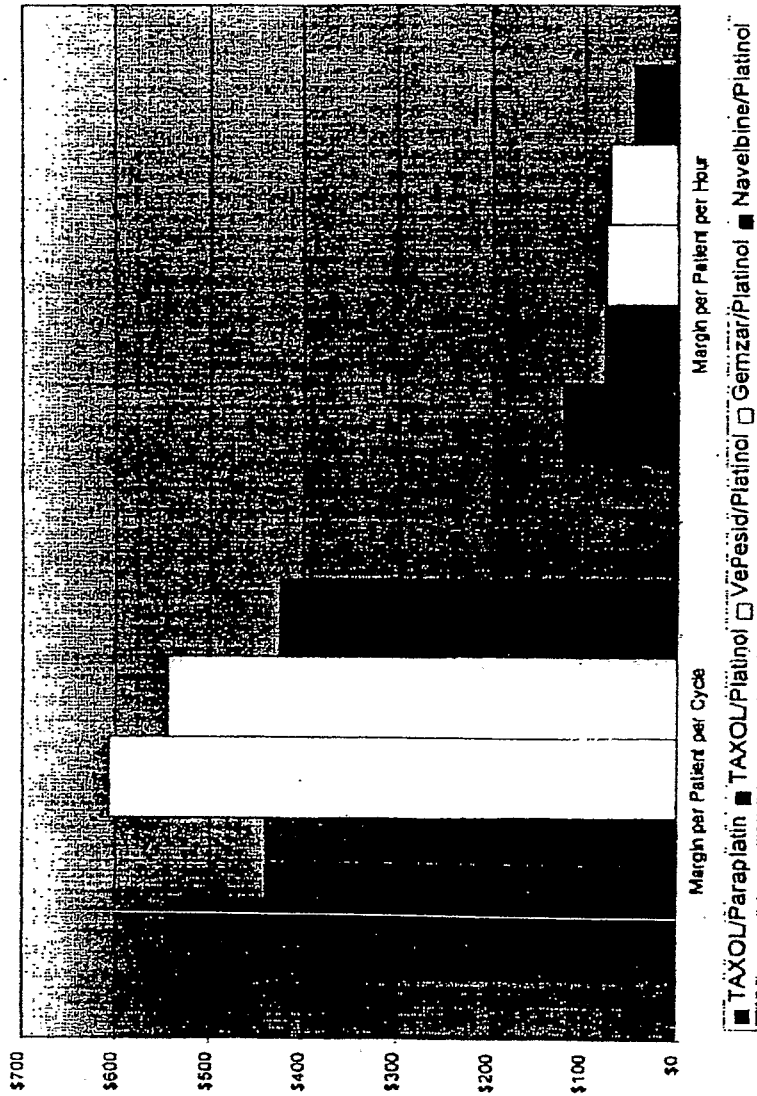
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Platinum-Based Chemotherapy Margin Comparison



Regimen	Margin per Patient per Cycle	Margin per Patient per Hour
TAXOL/Paraplatin	\$547	4.5
TAXOL/Platinol	\$440	5.5
VePesid/Platinol	\$607	7.75
Gemzar/Platinol	\$544	7.5
Navelbine/Platinol	\$426	9

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